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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE - Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

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2016 NOV 8 PM 1 01

IN THE MATTER OF THE APPLICATION OF
TRICO ELECTRIC COOPERATIVE, INC., AN
ARIZONA NONPROFIT CORPORATION,
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
INCREASES IN ITS RATES AND CHARGES
FOR UTILITY SERVICE AND FOR
RELATED APPROVALS.

DOCKET NO. E-01461A-15-0363

**STAFF'S NOTICE OF ERRATA
TO REPLY BRIEF**

On November 2, 2016, Staff filed its Reply Brief in this matter. Staff has attached a revised page 6 and a revised page 9 to this Notice which should replace the original page 6 and 9 contained in the original Staff Reply Brief filed on November 2, 2016. On page 6, the 1800 DG customer count was as of early November, 2016. On page 9, the last paragraph, Staff has amended its description of the grandfathering provision contained in the Value of Solar Recommended Opinion and Order.

RESPECTFULLY SUBMITTED this 8th day of November, 2016.

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

Maureen A. Scott, Senior Staff Counsel
Matthew Laudone, Attorney
Charles H. Hains, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402
mscott@azcc.gov
mlaudone@azcc.gov
chains@azcc.gov

1 In the UNSE service territory, UNSE provides electric service to approximately 95,000
2 customers of which 82,600 are residential customers.⁸ DG customers comprised approximately 2%
3 of the Company's residential customers, or 1650 DG customers. Trico, on the other hand has
4 approximately 43,000 customer/members of which 40,000 are residential customers.⁹ Trico has
5 approximately 1,800 DG customer/members which is over four percent of its membership.¹⁰ Thus,
6 UNSE which is approximately twice the size of Trico, has approximately the same number or fewer
7 DG customers than Trico.¹¹ In short, the levels of DG penetration in Trico's service territory are
8 considerably higher than that present in the UNSE territory.

9 Unlike UNSE, Trico demonstrated that DG continues to proliferate in its service territory at a
10 speed which far outpaces other companies. Trico's DG application history since 2011 shows that
11 Trico received 65 applications in 2011; 114 applications in 2012; 160 applications in 2013; 465
12 applications in 2014; 404 applications in 2015; with 506 applications expected for 2016 if
13 applications continue at the current pace.¹²

14 An additional comparison can be made with respect to SSVEC, using information from its
15 recent rate case. SSVEC provides service to approximately 58,000 customer/members, of which
16 approximately 41,500 are residential.¹³ SSVEC had proposed an April 15, 2015 date for determining
17 which DG customers should be subject to new rate options or net metering treatment.¹⁴ For the 2014
18 test year, the number of SSVEC members with DG went from 781 to 1,013.¹⁵ As of April 2016, the
19 number had increased to 1,147.¹⁶ Again, Trico is a smaller cooperative, but it currently has 1,800 DG
20 customer/members which far exceeds the number of SSVEC DG customers.

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23 ⁸ Decision No. 75697 at 3.

24 ⁹ Staff Post Hearing Br. at 2.

25 ¹⁰ Trico Initial Post Hearing Br. at 8.

26 ¹¹ *Id.* at 33.

27 ¹² Trico Initial Post Hearing Br at 7-8.

28 ¹³ SSVEC ROO at 2.

¹⁴ SSVEC ROO at 34.

¹⁵ *Id.* at 12.

¹⁶ *Id.*

1 EFCA's continued attacks on the export rate are also unwarranted. Trico had originally
2 proposed its avoided cost rate of approximately 3 cents per kWh. The export rate established in the
3 Settlement is much higher at 7.7 cents per kWh. Nor is it an arbitrary rate as alleged by EFCA. It
4 represents the fixed costs of transmission and generation, or the Cooperative's power supply portion
5 of the energy charge for the first tier of the proposed RS1 Schedule.

6 The VOS ROO which was released recently provides for use of Staff's two proposed
7 methodologies, a mid-term avoided cost methodology and the Resource Comparison methodology.²⁶
8 While the Commission could adopt a different methodology altogether, the only methodology for
9 Trico that is likely to exceed the 7.7 cents would be one based upon long-term avoided costs. EFCA
10 also claims that the export rate is defective because it does not take all of the benefits associated with
11 DG into account.²⁷ However, Trico's witnesses testified that Trico looked at the possibility of
12 benefits associated with transmission and distribution provided by the current DG penetration levels,
13 and found there were none.

14 The 7.7 cent per kWh rate is higher than the export rate proposed by either UNSE or SSVEC.
15 UNSE proposed to use its most recent PPA price which was 5.8 cents per kWh; and SSVEC
16 proposed use of its avoided cost rate of 2.58 cents per kWh (equal to the energy and fuel components
17 of its wholesale rate).²⁸ Staff did not support either rate.

18 The VOS ROO provides for grandfathering of both rate design and net metering for
19 customers signing up for new DG interconnection before the effective date of the Decision in the
20 utilities first rate case in which the VOS methodology is used.²⁹ The Settlement provides for
21 grandfathering "on the current net metering tariff at least until the Commission issues a decision in
22 Trico's next rate case..."³⁰ The signatories expressed an expectation that grandfathering will continue
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26 ²⁶ VOS ROO at 148.

27 ²⁷ EFCA Post Hearing Br. at 23-26.

28 ²⁸ SSVEC ROO at 29.

29 ²⁹ VOS ROO at 153-154.

30 ³⁰ See Section 9.1 of the Trico Agreement.

On this 8th day of November, 2016, the foregoing document was filed with Docket Control as an Utilities Division Notice of Errata, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Kevin C. Higgins
ENERGY STRATEGIES, LLC
215 South State Street, Ste. 200
Salt Lake City Utah 84111

Janice Alward
ARIZONA CORPORATION COMMISSION
1200 W. Washington
Phoenix Arizona 85007
JAlward@azcc.gov
TBroderick@azcc.gov

Consented to Service by Email

Court S. Rich
ROSE LAW GROUP, PC
7144 E. Stetson Drive, Suite 300
Scottsdale Arizona 85251
crich@roselawgroup.com
hslaughter@roselawgroup.com

Consented to Service by Email

Robert B. Hall
4809 Pier Mountain Place
Marana Arizona 85658
Solar_Bob@msn.com

Consented to Service by Email

Michael Patten
SNELL & WILMER, LLP
One Arizona Center
400 East Van Buren Street, Suite 1900
Phoenix Arizona 85004
mpatten@swlaw.com
jhoward@swlaw.com
docket@swlaw.com

Consented to Service by Email

C. Webb Crockett
FENNEMORE CRAIG, PC
2394 E. Camelback Rd, Ste 600
Phoenix Arizona 85016

Vincent Nitido
TRICO ELECTRIC COOPERATIVE, INC
8600 West Tangerine Road
Marana Arizona 85658

Barbara LaWall
PIMA COUNTY ATTORNEY'S OFFICE
c/o Charles Wesselhoft
32 North Stone Avenue, Suite 2100
Tucson Arizona 85701
Charles.Wesselhoft@pcao.pima.gov

Consented to Service by Email

By: 
Karyn Christine
Executive Legal Assistant